

Message Text

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PAGE 01 DACCA 02377 180951Z
ACTION EB-08

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E.O. 11652: N/A
TAGS: EWWT BG
SUBJECT: U.S. FLAG VESSEL "ARTHUR MIDDLETON"

REFS: A. STATE 081365, B. DACCA 1995, C. STATE 086706

1. EMBOFF CALLED ON M.S. RAHMAN, ADDITIONAL SECRETARY, MINISTRY OF PORTS, SHIPPING AND INLAND WATER TRANSPORT, ON APRIL 1 TO DISCUSS THE ARTHUR MIDDLETON INCIDENT DESCRIBED IN REFTELS. EMBOFF STRESSED IMPORTANCE TO U.S. FLAG SHIPPING LINES OF MAINTAINING THE BUYERS' RIGHT TO NOMINATE SHIPPING COMPANIES AND REVIEWED LEGAL MEANS (REF C) OPEN TO THE USG TO COUNTER DISCRIMINATORY PRACTICES. EMBOFF ADDED THAT WE HAVE BEEN INFORMED BY THE MARKETING DIRECTOR OF BANGLADESH JUTE MILLS CORPORATION (BJMC) THAT THE ARTHUR MIDDLETON INCIDENT WAS A MISUNDERSTANDING AND ID NOT REPRESENT A CHANGE IN BDG POLICY.

2. RAHMAN SAID HE WAS NOT AWARE OF THE ARTHUR MIDDLETON INDICAENT. (HE HAD EVIDENTLY NOT SEEN THE MARCH 24 LETTER ADDRESSED TO HIM FROM THE MANAGING DIRECTOR OF BANGLADESH SHIPPING CORPORATION (BSC) URGING THAT BJMC GIVE PREFERENCE TO BSC VESSELS -- SEE REF B PARA 3.) HE PROMISED TO LOOK INTO THE MATTER AND CONTACT EMBOFF.

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3. RAHMAN SAID WHATEVER THE REASON FOR THE ARTHUR MIDDLETON INCIDENT, THE BDG HAS NOT SHANGED ITS POLICY OF OBSERVING THE RIGHT OF A U.S. BUYER OF GOODS FROM BANGLADESH TO NOMINATE A VESSEL OF ITS OWN CHOICE. THE BDG WOULD NOT DO SO WITHOUT FULL CONSULTATIONS WITH ALL INTERESTED BUYERS AND SHIPPING COMPANIES.

4. RAHMAN NOTED THAT UNDER THE UNCTAD SHIPPING CODE, WITH BANGLADESH AND THE U.K. HAVE ENDORSED, 40 PERCENT OF ALL CARGO SHIPPED TO THE U.K. IS RESERVED FOR BANGLADESHI-OWNED VESSELS; 40 PERCENT IS ALLOCATED TO U.K. VESSELS AND THE REMAINING 20 PERCENT TO VESSELS OF THIRD COUNTRIES. BUYERS IN THE U.K., WHICH IS A MAJOR IMPORTER OF BANGLADESHI JUTE GOODS, HAVE IN PRACTICE CONSENTED TO CHOICE OF VESSELS BY THE BDG'S JUTE EXPORT CORPORATION WITHIN THE 40/40/20 UNCTAD FORMULA AND THE SYSTEM HAS WORKED WELL.

5. RAHMAN ADDED THAT ALTHOUGH SHIPMENTS TO THE U.S. DO NOT FOLLOW THE UNCTAD FORMULA, AND U.S. BUYERS' NOMINATIONS OF VESSELS ARE HONORED BY THE BJMC, THE BDG IS SEARCHING FOR WAYS TO ENLARGE BSC'S SHARE OF SHIPMENTS TO THE U.S. HE SAID IT IS POSSIBLE THAT THERE MAY BE FURTHER "EVOLUTION" IN THE SHIPPING ARRANGEMENTS FOR US/BANGLADESH TRADE. HE VOLUNTEERED THAT IF BSC IS TO INCREASE ITS SHARE OF THIS TRADE, IT MUST SELL ITSELF TO AMERICAN BUYERS ON THE BASIS OF ITS SERVICE, BUT HE HOPED SOME MUTUALLY ACCEPTABLE MEANS COULD BE FOUND TO HELP BSC INCREASE ITS BUSINESS. RAHMAN REEMPHASIZED THAT THE BDG WOULD NOT ACT UNILATERALLY IN THIS AREA AND WOULD BASE ITS POLICIES ON CONSULTATIONS WITH ALL INTERESTED PARTIES.

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6. EMBOFF POINTED OUT THE IMPORTANCE OF SMOOTH RELATIONS BETWEEN BUYERS OF JUTE GOODS IN THE U.S. WHICH IS BANGLADESH'S LARGEST SINGLE MARKET FOR THESE PRODUCTS, AND THE USC'S INTEREST IN CONTINUED NON-DISCRIMINATORY TREATMENT OF U.S. SHIPPING COMPANIES. SCHNEIDER

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